

2. Nicor Gas now proposes to issue and sell up to \$50,000,000 aggregate principal amount of the First Mortgage Bonds in a single series. The issuance of the Bonds would occur in 2009, subject to the entry by the Commission of the requested order in this docket.

3. On February 1, 2009, \$50 million First Mortgage Bonds 5.37% Series matured. Due to the turbulent conditions prevalent in the credit markets at the time of this maturity and because the Company's cash position generally improves during the first two quarters of the fiscal year, the maturing bonds were not refinanced immediately, leaving the Company temporarily with \$450 million in long-term debt. However, the Company's intention was and is to replace/refinance the matured bonds with new bonds later in the year in order to help finance the Company's capital expenditures in 2009. Presently, credit markets have generally stabilized and interest rates are attractive relative to historical levels. The Company, therefore, seeks to issue \$50 million in First Mortgage Bonds at this time to replace the bonds that matured on February 1, 2009.

4. Nicor Gas proposes to issue and sell the Bonds through a private placement. The term of the Bonds is expected to be 10 years. The terms will be determined at the time of the sale and will depend upon the market conditions at the time. The Company believes that the current interest rate available to it for new ten year debt is approximately six percent, depending upon market conditions at the time.

5. At the time of the issuance of the Bonds, the Company and the Trustee under the Bond Indenture will enter into a Supplemental Indenture (the "Supplemental Indenture"). The Bonds will be secured by the lien of the Bond Indenture, as supplemented. The Bonds will be in substantially the form provided in the Supplemental Indenture.

6. The issuance is for the purpose of refunding, redeeming or refinancing stock, bonds, notes or other evidences of indebtedness and for general corporate purposes such as financing rate base and capital expenditures.

7. Consistent with Section 6-108 of the Act, Nicor Gas agrees to pay a fee to the Commission in an amount no more than \$120,000.00 (\$0.24 for every \$100 of the principal amount of the bonds). Nicor Gas shall pay such fee to the Commission no later than 30 days after service of the order approving the issuance.

8. Presently, credit market conditions have improved from earlier in the year and interest rates are attractive relative to historical levels. The Company would like to issue the Bonds in these favorable market conditions, and therefore respectfully requests expedited review of this Petition and issuance of an order by the Commission approving this application not later than June 30, 2009.

9. The following Exhibits are attached hereto and by this reference made a part hereof:

- a. Exhibit A – Form of Supplemental Indenture
- b. Exhibit B – Balance Sheet as of March 31, 2009 and Pro Forma
- c. Exhibit C – Statement of Income and Expenses for the Twelve Months Ended March 31, 2009
- d. Exhibit D – Capital Structure as of March 31, 2009 and Pro Forma

WHEREFORE, Nicor Gas respectfully requests that no later than June 30, 2009, the Commission issue an order in accordance with Section 6-102(b) of the Act approving Nicor Gas' application (1) to issue and sell First Mortgage Bonds in an aggregate principal amount not to exceed \$50,000,000 in a single series; (2) issuing to Nicor Gas a serial number, in accordance

with Section 6-101 of the Act, to be placed on the face of the Bonds; and (3) for such other and further actions as are appropriate, reasonable and proper to accomplish the purposes set forth herein.

Dated: May 28, 2009

Respectfully submitted,

NORTHERN ILLINOIS GAS COMPANY

By: 

Douglas M. Ruschau
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STATE OF ILLINOIS)
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COUNTY OF DUPAGE)
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VERIFICATION

Douglas M. Ruschau, being first duly sworn, states that he is Vice President and Treasurer of Northern Illinois Gas Company d/b/a Nicor Gas Company, that he has read the foregoing Petition for Approval of Financing, that he is familiar with the facts set forth therein, and that such facts are true and correct to the best of his knowledge, information and belief.



Douglas M. Ruschau

SUBSCRIBED and SWORN to before me
this 28th day of May, 2009.



Notary Public
My Commission expires:

